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IN THE

Supreme Court of the United States

JANUARY TERM, 1975

No. 74-1041

SILVERLITH, INC., *Petitioner*

v.

AZOPLATE CORPORATION, *Respondent*

OPPOSITION TO A PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE THIRD CIRCUIT

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Respondent prays that this Honorable Court deny the Petition for a Writ of Certiorari to the United States Court of Appeals for the Third Circuit.

QUESTIONS PRESENTED

The sole question presented here is whether an applicant for patent, who inadvertently imputes more desirable properties to a reference cited against his application than the reference in fact possesses, is guilty of fraudulent or inequitable conduct.

STATEMENT OF THE CASE

In the petitioner's Statement of the Case, there are a number of inaccuracies which require correction.

In the third paragraph of petitioner's Statement, it is alleged that:

> "These two applications were followed by nine others directly involved in the chain of applications which ultimately became Patent 3,046,110."

That this statement is incorrect is shown by the "History of Patent" (Appendix Volume, p. 72) which shows there were in fact only four (4) U.S. applications in the chain of applications which ultimately became patent number 3,046,110. This is further shown in the patent itself, in column 12, lines 6 to 12 (Appendix Volume, p. 80). Further, Judge Wright, in the U.S. District Court below, specifically held:

> ". . . the correction of the '55 application by the subsequent '58 case removed it as a parent case"

(Appendix Volume, p. 34).

In paragraph 4 of the petitioner's Statement of the Case, it is alleged:

> "The French patent taught a presensitized positive plate having a base material (aluminum) coated with a light sensitive diazo compound and a process of developing such plates by removing the light struck areas by treatment with water (Example 7) or an alkali (Example 2)."

The fact of the matter is that Example 2 of the French patent was never in issue in this case since the type of diazo compound disclosed therein bears no relationship to any of those which appear in the patent in suit.

The petitioner then further alleged:

> "The rejection under 35 U.S.C. 103 based upon the French patent was withdrawn after repeated representations made by applicant in all of the related '865' applications contrary to the facts it knew that the French patent taught an inoperable method and water soluble decomposition products."

The plain fact of the matter is that the French patent does teach an inoperable method and the District Court properly so held (Appendix Volume, p. 34, footnote 10).

With regard to the "water soluble decomposition products", it is true that an inadvertent misstatement was made to this effect. The District Court stated (Appendix Volume, p. 36):

> "It is true, that in the response of February 12, 1953, applicant represented contrary to the facts that it knew, that the 'light decomposition products of the diazo compound in Example 7 of the French patent are soluble in water . . .'."

Accordingly, the entire thrust of the petitioner's argument appears to be that the respondent is guilty of fraud or inequitable conduct because respondent imputed *desirable* properties to the French patent which it, in fact, did not possess. If the light-decomposition products of the diazo compound of Example 7 of the French patent were soluble in water, the reference would be operative. The fact is, however, that the light-decomposition products are *insoluble* in water and the reference, accordingly, is inoperable as disclosed. That the District Court recognized this to be the fact is shown by footnote 11 (Apendix Volume, p. 36).

The petitioner then alleged:

> "While making these false representations applicant withheld information on the operability of the French patent and its true relationship to the '865 cases'."

The District Court correctly disposed of this argument (Appendix Volume, pp. 37 to 39) and nothing can be added thereto.

In paragraph 5 of the petitioner's Statement of the Case, the petitioner has alleged:

> "However, the Court below held that there was no clear and convincing proof that 'but for' these representations the patent woud not have issued (Appendix Volume p. 36)."

The District Court below, of course, in the statement referred to above was absolutely correct since, if anything, the misstatement was adverse to respondent's position before the Patent Office, rather than a derogatory statement concerning the disclosure of a reference.

On pages 6 and 7 of the petitioner's Statement of the Case there is a reference to two memoranda reproduced in Appendix Volume, pp. 89 to 100, which the petitioner would like to have construed as an effort by respondent to "conceal its knowledge and continue its deception of the Patent Office". The fact of the matter is, however, that neither of these memoranda is in any way relevant to the invention claimed in the patent in suit and the District Court below properly so held (Appendix Volume, p. 31, footnote 9). The memoranda, as the District Court properly held, relate to the compounds described in the applications and not to a pre-

sensitized printing plate or to a process of developing a printing plate, as claimed in the patent in suit.

Furthermore, when the deposition of the author of the two memoranda (reproduced in Appendix Volume, pp. 89 to 100), one Milton E. Gilbert, was taken, on cross-examination Mr. Gilbert was specifically interrogated (671-686a, Appendix, Third Circuit Court of Appeals) as to what was allegedly "embarrassing" in the memoranda referred to, Mr. Gilbert was unable to point to anything which was "embarrassing".

In the penultimate paragraph on page 7 of the petitioner's Statement of the Case, it is alleged that the patent in suit issued:

> "ten patent applications after the filing of the first '865 case".

As noted earlier, this statement is incorrect (Appendix Volume, p. 72).

In the last paragraph on page 7 of the petitioner's Statement of the Case, it is alleged that while the applications were pending in the Patent Office, Azoplate wrote letters to Silverlith's customers asserting that Silverlith's product fell within the scope of claims in applications which were expected to issue shortly, that no claims were allowed at the time, and that the letters were written with malice aforethought. This contention was adequately disposed of by the District Court (Appendix Volume, pp. 69 and 70). Further, it should be noted that at no time when the letters in question were written, was it alleged that claims had been allowed but merely that it was expected that the patent applications would "issue to a U. S. patent shortly". That these allegations were absolutely correct is shown

by the fact that the applications did, in fact, issue to U. S. patents.

The further allegation is made by the petitioner on page 7:

> "The record shows that it was not until January 2, 1962, with the filing of application Serial No. 163,874 that claims were on file which actually covered the Silverlith composition".

This is the only point on which the District Court erred in its excellent opinion, since the fact of the matter is that the Silverlith sensitizer, which is Formula 21 of the patent in suit, was at all times covered by claims in each of the applications in the chain of applications which ultimately matured to the patent in suit. In the first of these applications, which was Serial No. 208,055 the compound of Formula 21 of the patent in suit was covered by claims 1, 6, 7, 8, 9, 15, 18, 19, 20 and 21, as filed (DX-51, pp. 17-29, Appendix, Third Circuit Court of Appeals).

In application Serial No. 517,086 (DX-52 Appendix, Third Circuit Court of Appeals), the compound of Formula 21 of the patent in suit is included in claim 16 of the application as filed.

In application Serial No. 718,453 (DX-53A, Appendix, Third Circuit Court of Appeals) the compound of Formula 21 of the patent in suit is covered by generic claims 1, 12 and 23 (DX-53A, pp. 26, 30 and 35, Appendix, Third Circuit Court of Appeals).

In the District Court's opinion (Appendix Volume, p. 56) the Court stated:

> "This definition might include Formula 21 except for the requirement that 'N, R and Y taken together form a heterocyclic ring'."

What the District Court failed to appreciate was that this recitation is an *alternative* recitation and was included in order to cover the compound of Formula 13 of application Serial No. 718,453, (DX-53A, p. 10, Appendix, Third Circuit Court of Appeals). Obviously when N, R and Y are taken together they form a heterocyclic ring, as shown in the said Formula 13 and in this case, R and R_1 cannot be taken from the group consisting of: "hydrogen, lower alkyl, substituted lower alkyl, and aryl radicals". The language in question was necessary in order to include the heterocyclic compound of Formula 13 and, as previously noted, the expression is an alternative one and does not mean that at all times N, R and Y are part of a heterocyclic ring but only in the specific situation represented by a compound of the type of Formula 13, for example.

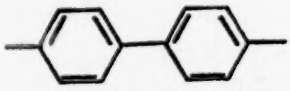
In its decision (Appendix Volume, p. 57) the District Court quoted from *In re Schmidt,* (48 CCPA 1140), 293 F.2d 274, 130 USPQ 404, to the effect that when N, R and Y are taken together to form a heterocyclic ring, R cannot be hydrogen, but it should be noted that the Court of Customs and Patent Appeals, in *In re Schmidt, supra,* did not hold that the type of language employed in the claims was improper but, instead, held:

> "Inasmuch, however, as claims 12, 23, 73 and 74 cover any and all heterocyclic rings whereas the only disclosures of such a compound is the disclosure of a five member ring containing only nitrogen and carbon, we agree with the board that these claims are broader than the invention disclosed."

Accordingly, the objection of the Court of Customs and Patent Appeals to claims such as claims 1, 12 and

23 was not to the manner of the definition but only to the support therefor in the specification, i.e., there was only one compound supporting the definition of the heterocyclic ring, i.e., that of Formula 13, which the Court held to be insufficient support.

Of course, the compound of Formula 21 of the patent in suit is covered by each of claims 1, 12 and 23 of application Serial No. 718,453 (DX-53A, Appendix, Third Circuit Court of Appeals) by the situation in which Y is the organic linkage



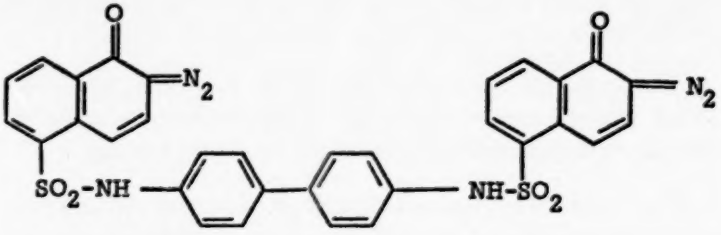
Z is NR_1 and R and R_1 are hydrogen.

In its decision, the District Court (Appendix Volume, p. 58) referred to correspondence between respondent's counsel and Kalle AG in which it noted that in the refiled application, which became the patent in suit, the sensitizer would be

> "covered by claim 12 after defining Y in a suitable manner, *cancelling the reference to a heterocyclic ring* and where Z stands for $-NR_1$".

The reason the reference to a heterocyclic ring was cancelled in the refiled application, which ultimately became the patent in suit, was because there is no compound containing a heterocyclic ring disclosed in the refiled application which became the patent in suit. None of the compounds of Formulae 1 to 25 of the patent in suit (Appendix Volume, pp. 75-77) includes a heterocyclic ring, and it is for this reason that the reference thereto was deleted from the claims.

Accordingly, the fact is that the compound of Formula 21 of the patent in suit, which has the structural formula



has been continuously claimed throughout the entire chain of applications which culminated in the patent in suit.

REASONS WHY THE WRIT SHOULD NOT BE GRANTED

The writ should not be granted in this case because the sole basis which the petitioner has advanced for the granting of the writ, i.e., inequitable, fraudulent conduct on the part of the respondent, does not exist.

There obviously is no basis for the petitioner's allegation since the alleged inequitable or fraudulent conduct involved a mere inadvertent misstatement which imputed *desirable* properties to a reference which the reference, in fact, did not possess. If the misstatement had been correct, the reference would have been operative, rather than inoperative as disclosed.

Obviously, this misstatement does not favorably reflect upon the intellect of the person who made it since the sole effect thereof could have been only to increase the difficulty of obtaining an allowance of the patent

application in the Patent Office, rather than facilitating the allowance thereof. If anything, the misstatement gave the Patent Examiner more ammunition for further rejecting the application than it did for him to allow it.

There is, of course, no question that the misstatement was an error, but mere error does not constitute fraud or inequitable conduct or unclean hands.

The only other issue of any substance whatsoever which is raised by the petitioner is whether or not the respondent had the obligation to disclose to the Patent Office that the French patent would work in a modified manner, i.e., if developed with a strongly alkaline solution rather than with water. As previously noted, the District Court correctly disposed of this issue (Appendix Volume, pp. 37-39). There is no case which has ever held that there is a "duty to disclose to the Patent Office modifications which need to be made to a disclosure in order that it be a working invention".

None of the decisions cited by the petitioner is relevant to the present situation. All of these decisions fall into three general categories (1) a failure to disclose material information to the Patent Office; (2) making derogatory and untrue statements concerning a reference cited against a pending application and (3) imputing desirable properties to an applicant's invention when such properties are, in fact, not possessed by that invention.

A brief review of the cases cited by the petitioner will clearly show that each and every one of them is completely irrelevant. Petitioner places great reliance upon *Precision Instrument Co. et al.* v. *Auto-*

motive Maintenance Machinery Co., (1945) 324 U.S. 806, 65 USPQ 133. In this case the Court held:

> "The history of the patents and contracts in issue is steeped in perjury and undisclosed knowledge of perjury. Larson's application was admittedly based upon false data which destroyed whatever just claim it might otherwise have had to the status of a patent. Yet Automotive, with at least moral and actual certainty if not absolute proof of the facts concerning the perjury, chose to act in disregard of the public interest. Instead of doing all within its power to reveal and expose the fraud, it procured an outside settlement of the interference proceedings, acquired the Larson application itself, turned it into a patent and barred the other parties from ever questioning its validity. Such conduct does not conform to minimum ethical standards and does not justify Automotive's present attempt to assert and enforce these perjury-tainted patents and contracts."

Obviously, the innocent misstatement made during the prosecution of respondent's patent application, which was, in fact, adverse to respondent's position, does not constitute conduct violating "minimal ethical standards." In fact, there was absolutely nothing unethical about it.

In *Norton* v. *Curtiss,* (CCPA 1970) 433 F.2d 779, 167 USPQ 532, there was an allegedly fraudulent affidavit filed in the Patent Office and this certainly is quite a different situation than what is involved in the present case. The Court held:

> "We note first that traditionally, the concept of 'fraud' has most often been used by the courts, in general, to refer to a type of conduct so reprehensible that it could alone form the basis of an actionable wrong (e.g., the common law action for

> deceit). That narrow range of conduct, now frequently referred to as 'technical' or 'affirmative' fraud, is looked upon by the law as quite serious. Because severe penalties are usually meted out to the party found guilty of such conduct, technical fraud is generally held *not* to exist unless the following indispensable elements are found to be present: (1) a representation of a material fact, (2) the falsity of that representation, (3) the intent to deceive or, at least, a state of mind so reckless as to the consequences that it is held to be the equivalent of intent (scienter), (4) a justifiable reliance upon the misrepesentation by the party deceived which induces him to act thereon, and (5) injury to the party deceived as a result of his reliance on the misrepresentation. See, e.g., W. Prosser, Law of Torts, Sections 100-05 (3d ed. 1964); 37 C.J.S., Fraud, Section 3 (1943)."

The Court further held indications in the record that

> "the claims at issue *would* not have been allowed but for the challenged misrepresentations must not be overlooked due to any certainty on the part of the reviewing tribunal that the claimed invention, viewed objectively, *should* have been patented."

The Court further held:

> "The state of mind of the one making the representations is probably the most important of the elements to be considered in determining the existence of 'fraud'."

Certainly the misstatement made in the present case does not come within the requirements of fraud set forth in *Norton* v. *Curtiss.*

Nashua Corporation v. *RCA Corporation* (CA 1), 431 F.2d 220, 166 USPQ 449, involved the filing of an affidavit by the patentee. There is no mention whatsoever of the so-called "but for" rule in this decision.

In *Beckman Instruments, Inc.* v. *Chemtronics, Inc.* (C.A. 5, 1970) 439 F.2d 1369, 165 USPQ 355, the patentee failed to disclose known prior art to the Patent Office. There is no mention in this decision of the so-called "but for" rule.

In *Monolith Portland Midwest Co.* v. *Kaiser Aluminum Corporation* (C.A. 9, 1969), 407 F.2d 288, 160 USPQ 577, the Court held:

> "The District Court found that Monolith had made fraudulent representations to the Patent Office in four respects: (1) deliberate concealment of statutory bars; (2) falsehoods in a petition to make special; (3) misrepresentations about 'unexpected results'; and (4) false statements of novelty in an affidavit by one Oscar Wicken procured by Monolith and filed in the Patent Office."

The Court further held:

> "Each of the above four challenged findings is supported by the record. Taken together, they evidence a course of conduct by Monolith which, if not properly characterized as actually fraudulent, reveals a calculated recklessness about the truth and which constitutes a serious breach of duty to the Patent Office."

Certainly, this conduct of which the Court complained bears no resemblance to the inadvertent misstatement made in respondent's application, and which, as noted above, was to the detriment of the respondent rather than to its benefit.

In *Contour Saws Inc.* v. *L. S. Starrett Company* (C.A. 1, 1971), 444 F.2d 1331, 170 USPQ 433, the Court held:

> "We therefore now say that the instances of misdescription of the Belgian and German patents of

> which we complained in our prior opinion constitute this an exceptional case within the intendment of 35 U.S.C. 285 and justify an award of attorney fees to defendant for the prior appeal."

However, these instances of "misdescription" were misdescriptions by the applicant which were derogatory with regard to the said "Belgian and German patents", in contrast to the present situation in which the misstatement actually impute desirable properties to the French Patent No. 904,255, which it did not in fact possess.

The case of *Charles Pfizer & Co.* v. *F.T.C.* (C.A. 6, 1968), 401 F.2d 574, 159 USPQ 193, was adequately disposed of by the District Court (Appendix Volume, p. 38) and nothing need be added thereto.

In *Shelco Inc.* v. *Dow Chemical Company* (C.A. 7, 1972), 173 USPQ 451, the Court held:

> "The basis for the district court's determination that this was an exceptional case was its finding that Perry had practiced fraud on the Patent Office in several respects and that he and Shelco had otherwise acted improperly in that:
>
> (1) Perry's purported invention was copied from the Beam oven cleaner;
>
> (2) Perry had deliberately withheld information from the patent examiner which was relevant to the application;
>
> (3) Perry had deliberately misrepresented to the patent examiner facts which were relevant to the application;
>
> (4) Perry and Shelco, Inc. brought this lawsuit in bad faith because they know or reasonably should have known that the patent was invalid."

Similarly, the case of *Monsanto Company* v. *Rohm and Haas Company* (C.A. 3, 1972), 456 F.2d 592, 165 USPQ 683, was properly distinguished by the District Court (Appendix Volume, p. 38) and nothing can be added thereto either.

The Court held in *CPC International* v. *Standard Brands, Incorporated,* 184 USPQ 332, that "materiality in the sense of 'but for' cause need not be shown". The reasons for this were, as the Court held:

> "In summary, the Court concludes that defendant Standard Brands has established the following facts by clear and convincing evidence:
>
> 1. False assertions of criticality were incorporated into the CIP by plaintiff's patent solicitor;
>
> 2. These assertions of criticality were made with full knowledge that they were contrary to Dr. Marshall's experimental results and with the intention of influencing the action of the Patent Office;
>
> 3. These assertions involved matters relevant to a determination of the Marshall process's obviousness or lack thereof under 35 U.S.C. 103;
>
> 4. Without the assertions of criticality, the examiner would not have caused the patent to be issued."

Obviously, under that set of facts the "but for" doctrine would not be necessary, although it would appear that the Court did, in fact, apply it.

With regard to the decision *Walker Process Equipment Inc.* v. *Food Machinery* (1965), 382 U.S. 172, this decision was properly disposed of by the District Court (Appendix Volume, pp. 67-69).

CONCLUSION

The only issue of any substance which has been presented in the Petition is whether or not an inadvertent misstatement made by the respondent during the prosecution of his application and which in fact imputed desirable properties to a reference which it did not, in fact, possess constitutes fraud or inequitable conduct. If the misstatement had been correct, the reference would have been operable as disclosed. The fact of the matter is that the reference is inoperative as disclosed and the misstatement, if anything, provided the patent examiner with more ammunition to reject the application rather than less. The misstatement was, in fact, to respondent's detriment rather than to its advantage.

Clearly such conduct could never be considered fraudulent or inequitable or to constitute unclean hands. Mere error is never fraud.

No decision cited by the petitioner, and none known to respondent, holds that a misstatement which so imputes a desirable property to a reference, and thereby increases the difficulty of an applicant for patent to obtain his patent, constitutes inequitable conduct.

Furthermore, there is no duty on the part of an applicant for patent to make any disclosure to the Patent Office concerning the manner in which a reference which is inoperative as disclosed may be modified to make it a working invention, and the District Court properly so held.

Accordingly, the Petition should be denied.

Respectfully submitted,

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March, 1975